the increase in foreign exchange reserves also includes the effect of depreciation of non-US currencies (such as Euro, Pound Sterling and Yen) held in reserves, *vis-a-vis* the US Dollar depending upon the movement in the exchange rate of the US dollar *vis-a-vis* other international currencies.

Ad-hoc compensations to States

1451. SHRIMATI SYEDA ANWARA TAIMUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have agreed to provide monthly ad-hoc compensations to States whose actual revenue growth from VAT falls short;

(b) if so, the details thereof;

(c) the States whose actual revenue growth fell down due to implementation of VAT; and

(d) the details regarding ad-hoc compensation, State-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Central Government have agreed to provide compensation to the States for revenue loss on account of introduction of VAT @100% of revenue loss during 2005-06, 75% during 2006-07 and 50% during 2007-08. For this purpose, the actual tax revenue in a particular period is compared with the projected tax revenue for that period and any shortfall in the actual tax revenue is taken as the revenue loss. The projected tax revenue is calculated by taking the tax revenue during corresponding period of 2004-05 as the base revenue and applying the average annual growth rate of the best three years out of last 5 years upto 2004-05. The Central Government has agreed to provide the compensation on monthly basis.

(c) and (d) Based on the above modalities for calculation of revenue loss for the purposes of compensation, 9 States have so far reported revenue losses. These States are Andhra Pradesh, Assam, Bihar, Karnataka, Kerala, Maharashtra, Sikkim, Tripura and West Bengal. Out of these States, total ad-hoc compensation of Rs. 1026.89 crores has

been released upto 30 Nov. 2005 to 7 States, as follows: Andhra Pradesh (Rs. 193.80 crores), Bihar (Rs. 47.31 crores), Karnataka (Rs. 251.16 crores), Kerala (Rs. 181.77 crores), Maharashtra (Rs. 259.89 crores), Tripura (Rs.4.89 crores) and West Bengal (Rs. 88.07 crores).

Increase in limit of gratuity

1452. SHRI DHARAM PAL SABHARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to increase the limit of gratuity from the present level of Rs. 3.5 lacs; and

(b) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) *Status quo* is being maintained keeping in view the possible repercussions in case the limit increased.

Income-Tax exemption of Fish Farmers in Punjab

1453. SHRI DHARAM PAL SABHARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that fish farmers in Punjab have been distinguished from other agriculturists and have been subjected to income tax *vide* Ministry of Finance's notification dated 20th December, 1993;

(b) whether the farmers in Punjab have been protesting against this; and

(c) whether there is any proposal to give Income Tax exemption to fish farmers at par with agriculturists and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir. Fish farmers of Punjab are not given different treatment under I.T. Law from the fish farmers of other parts of the country. All fish farmers, unlike agriculturists, are subjected to Income tax. A clarification was issued by the Central Board of Direct Taxes regarding the procedure to be adopted for assessing the income of fish farmers and it is applicable all over the country.